Failure to comply with a direction of special audit or valuation.

276D. If a person wilfully fails to comply with a direction issued to him under sub-section (2A) of section 142, he shall be punishable with simple imprisonment for a term up to six months, or with fine, or with both.".

Amendment of section 277.

21. In section 277 of the Income-tax Act, for clauses (i) and (ii), the following clauses shall be substituted and shall be deemed to have been substituted with effect from the 1st day of March, 2026, namely:—

"(a) with simple imprisonment for a term up to two years, or with fine, or with both, where the amount of tax, which would have been evaded if the statement or account had been accepted as true, exceeds fifty lakh rupees; or

(b) with simple imprisonment for a term up to six months, or with fine, or with both, where the amount of tax, which would have been evaded if the statement or account had been accepted as true, exceeds ten lakh rupees but does not exceed fifty lakh rupees; or

(c) with fine, in any other case.".

Amendment of section 277A.

22. In section 277A of the Income-tax Act, for the words "rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine", the words "simple imprisonment for a term up to two years and with fine" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of March, 2026.

Amendment of section 278.

23. In section 278 of the Income-tax Act, for clauses (i) and (ii), the following clauses shall be substituted and shall be deemed to have been substituted with effect from the 1st day of March, 2026, namely:—

"(i) with simple imprisonment for a term up to two years, or with fine, or with both, where the amount of tax, penalty or interest which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be evaded, exceeds fifty lakh rupees; or

(ii) with simple imprisonment for a term up to six months, or with fine, or with both, where the amount of tax, penalty or interest which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be evaded, exceeds ten lakh rupees but does not exceed fifty lakh rupees; or

(iii) with fine, in any other case.".

Amendment of section 278A.

24. In section 278A of the Income-tax Act, with effect from the 1st day of March, 2026,—

(a) for the word "rigorous", the word "simple" shall be substituted and shall be deemed to have been substituted;

(b) for the word "seven", the word "three" shall be substituted and shall be deemed to have been substituted.

Amendment of section 280.

25. In section 280 of the Income-tax Act, in sub-section (1), for the words "imprisonment which may extend to six months, and shall also be liable to fine", the words "simple imprisonment up to one month, or with fine, or with both" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of March, 2026.

Insertion of new section 292BA.

26. After section 292B of the Income-tax Act, the following section shall be inserted, namely:—

Assessments not to be invalid on certain grounds.

"292BA. Notwithstanding anything contained in any judgment, order or decree of any court, for the removal of doubts, it is hereby clarified for the purposes of section 292B that no assessment under any of the provisions of this Act shall be invalid or shall be deemed to have been invalid on the ground of any mistake, defect or omission in respect of quoting of a computer generated Document Identification Number, if the assessment order is referenced by such number in any manner.".

B.— Income-tax under the Income-tax Act, 2025

Amendment of section 2.

27. In section 2 of the Income-tax Act, 2025 (hereafter in this Part referred to as the Income-tax Act), 30 of 2025.—

(a) for clause (32), the following clause shall be substituted, namely:—

'(32) "co-operative society" means a co-operative society registered under the Co-operative Societies Act, 1912, or the Multi-State Co-operative Societies Act, 2002, or under any other law in force in any State or Union territory for the registration of co-operative societies;'; 2 of 1912. 39 of 2002.

(b) in clause (40),—

(A) sub-clause (f) shall be omitted;

(B) in the first long line below sub-clause (f) as so omitted, for sub-clause (v), the following sub-clause shall be substituted, namely:—

‘(v) any advance or loan between two group entities, where,—

(A) one of the group entities is a “Finance Company” or a “Finance Unit”;

(B) the other group entity to the transaction is located in a country or territory outside India; and

(C) the parent entity or the principal entity of such group is listed on the stock exchange in a country or territory outside India,

for the purposes of items (B) and (C), the country or territory outside India shall be specified by the Central Government, by notification,’;

(b) in the second long line below sub-clause (v), in sub-clause (E), for item (II), the following items shall be substituted, namely:—

‘(II) “group entity” shall have the same meaning as assigned to the expression “group entities” in clause (m) of sub-regulation (1) of regulation 2 of the International Financial Services Authority (Payment Services) Regulations, 2024 made under the International Financial Services Centres Authority Act, 2019; 50 of 2019.

(III) “parent entity” or “principal entity” in relation to one or more other group entities, shall be an entity of which other group entities are subsidiary and such entity,–

(a) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiaries; or

(b) controls the composition of the Board of Directors;’.

Amendment of section 7.

28. In section 7 of the Income-tax Act, in sub-section (2), in clause (a), for the brackets and letter “(f)”, the brackets and letter “(e)” shall be substituted.

Amendment of section 21.

29. In section 21 of the Income-tax Act, in sub-section (5), for the words “*nil* for”, the word “*nil* up to” shall be substituted.

Amendment of section 22.

30. In section 22 of the Income-tax Act, in sub-section (2), for the word, brackets, figure and letter "sub-section (1)(b)", the words, brackets, figure and letters "sub-section (1)(b) and (c)" shall be substituted.

Amendment of section 29.

31. In section 29 of the Income-tax Act, in sub-section (1), for clause (e), the following clause shall be substituted, namely:—

"(e) the amount of contribution received from an employee to which the provisions of section 2(49)(o) apply, if it is credited by the assessee to the account of the employee in the relevant fund or funds, on or before the due date of filing of return of income under section 263(1) for the tax year.".

Amendment of section 58.

32. In section 58 of the Act, in sub-section (11), in clause (a), sub-clause (i) shall be omitted.

Amendment of section 66.

33. In section 66 of the Income-tax Act, for clause (4), the following clause shall be substituted, namely:—

'(4) "commodities transactions tax" and "commodity derivative" shall have the same meanings as respectively assigned to them in Chapter VII of the Finance Act, 2013;'. 17 of 2013.

Amendment of section 69.

34. In section 69 of the Income-tax Act, for sub-sections (2) and (3), the following sub-sections shall be substituted, namely:–

'(2) In respect of capital gains referred to in sub-section (1), where the shareholder or holder of other specified securities is a promoter, the aggregate income-tax payable on such capital gains shall be—

(a) the income-tax payable on such capital gains in accordance with the provisions of this Act; and

(b) an additional income tax in respect of capital gains specified in column B of the Table below, computed at the rate specified in column C or column D of the said Table.

TABLE

Sl. No.	Income	Rate, where the promoter is a domestic company	Rate, where the promoter is other than a domestic company

A	B	C	D
1.	Short-term capital gains referred to in section 196 arising from the transfer of such securities.	2%	10%
2.	Long-term capital gains referred to in section 197 or section 198 arising from the transfer of such securities.	9.5%	17.5%

(3) For the purposes of this section,—

(a) in the case of a company whose shares are listed on a recognised stock exchange in India, 'promoter' shall have the same meaning as assigned to it in regulation 2(k) of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 made under the Securities and Exchange Board of India Act, 1992; 15 of 1992.

(b) in any other case, "promoter" means,—

(i) a "promoter" as defined in section 2(69) of the Companies Act, 2013; or 18 of 2013.

(ii) a person who holds, directly or indirectly, more than 10% of the shareholding in the company;

(c) "specified securities" shall have the same meaning as assigned to it in *Explanation* 1 to section 68 of the Companies Act, 2013.'. 18 of 2013.

Amendment of section 70.

35. In section 70 of the Income-tax Act, in sub-section (1), for clause (x), the following clause shall be substituted, namely:—

"(x) by way of redemption, of Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015 or any subsequent Sovereign Gold Bond Scheme, if held by an individual from the date of original issue till maturity;".

Amendment of section 93.

36. In section 93 of the Income-tax Act,—

(a) in sub-section (1), for clause (a), the following clause shall be substituted, namely:—

"(a) for interest on securities, any reasonable sum paid as commission or remuneration to a banker or any other person for the purpose of realising such interest on behalf of the assessee;";

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) Irrespective of anything contained in sub-section (1), in respect of any dividend income or income from units of a Mutual Fund specified under Schedule VII (Table: Sl. No. 20 or 21) or income from units of a specified company as referred to in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002, no deduction shall be allowed.". 58 of 2002.

Amendment of section 99.

37. In section 99 of the Income-tax Act, in sub-section (2), for the words, brackets, figures and letters "sub-section (1)(a)(i) or (b)", the words, brackets, figures and letters "sub-section (1)(a)(ii) or (b)" shall be substituted.

Amendment of section 147.

38. In section 147 of the Income-tax Act,—

(a) for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) Irrespective of anything contained in section 80LA of the Income-tax Act, 1961, the deduction shall be allowed— 43 of 1961.

(a) for twenty consecutive tax years beginning from the relevant tax year in the case of an entity mentioned in sub-section (1)(a);

(b) for twenty consecutive tax years out of twenty-five years beginning from the relevant tax year, at the option of an assessee, in the case of an entity mentioned in sub-section (1)(b).";

(b) for sub-section (5), the following sub-sections shall be substituted, namely:—

'(5) In respect of any Offshore Banking Unit or any other unit referred in sub-section (1), commencing operations on or after the 1st April, 2026, the deduction under sub-section (1) shall be available only if such unit is not formed by splitting up or reconstruction or reorganisation or transfer of a business already in existence in India;

(6) For the purposes of this section,—

(a) "relevant tax year" shall be,—

(i) in case of an entity referred to in sub-section (1)(a), the tax year in which permission under section 23(1)(a) of the Banking Regulation Act, 1949, or permission or registration under the Securities and Exchange Board of India Act, 1992 or any other relevant law in force was obtained; or 10 of 1949. 15 of 1992.

(ii) in case of an entity referred to in sub-section (1)(b), the tax year in which permission under section 23(1)(a) of the Banking Regulation Act, 1949, or permission or registration under the Securities and Exchange Board 10 of 1949. 15 of 1992.

of India Act, 1992, or permission or registration under the International Financial Services Centres Authority Act, 2019 was obtained; 50 of 2019.

(b) "Unit" shall have the same meaning as assigned to it in section 2(zc) of the Special Economic Zones Act, 2005; 28 of 2005.

(c) "aircraft" and "ship" shall have the meanings respectively assigned to them in Schedule VI (Note 3).'.

Amendment of section 149.

39. In section 149 of the Income-tax Act,—

(a) in sub-section (2),—

(i) in clause (b), after the word "oilseeds," wherever it occurs, the words "cotton seed, cattle feed," shall be inserted;

(ii) for clause (d), the following clause shall be substituted, namely:–

"(d) in respect of any income derived by the co-operative society from its investments with any other co-operative society by way of–

(i) interest; or

(ii) dividends,

the whole of such income;";

(b) after sub-section (5), the following sub-section shall be inserted, namely:—

'(6) For the purposes of this section,—

(a) "consumers' co-operative society" means a society for the benefit of the consumers;

(b) "primary agricultural credit society" has the same meaning as assigned to it in Part V of the Banking Regulation Act, 1949; and 10 of 1949.

(c) "primary co-operative agricultural and rural development bank" means a society having an area of operation confined to a taluk, the principal object of which is to provide long-term credit for agricultural and rural development activities.'.

Substitution of new section for section 150.

40. For section 150 of the Income-tax Act, the following section shall be substituted, namely:—

Deduction in respect of income of federal co-operative.

‘150. (1) If the gross total income of an assessee being a federal co-operative, in any tax year, includes any income by way of dividends received from its investment with any company, a deduction shall be allowed from such income, to the extent of the amount which,—

(a) has arisen from such investment as recorded in its books of account on or before the 31st January, 2026; and

(b) has been distributed by it to its members at least one month before the due date for filing the return of income under section 263(1).

(2) The provisions of this section shall not apply to any tax year beginning on or after the 1st April, 2029.

(3) For the purposes of this section, “federal co-operative” means a “federal co-operative” as defined in section 3(k) of the Multi-State Co-operative Societies Act, 2002 and notified as such by the Central Government.’. 39 of 2002.

Amendment of section 162.

41. In section 162 of the Income-tax Act, in sub-section (2), for clause (c), the following clause shall be substituted, namely:—

“(c) other units, undertakings, enterprises or business of such assessee, or other person referred to in section 140(13) in respect of transactions referred to in Chapter VIII, to which the provisions of section 140(9) or (13) of this Act or section 80-IA(8) or (10) of the Income-tax Act, 1961 are applicable.”. 43 of 1961.

Amendment of section 164.

42. In section 164 of the Income-tax Act, in clause (d), the words and figures “or section 144” shall be omitted.

Amendment of section 165.

43. In section 165 of the Income-tax Act, 2025, in sub-section (7), the words and figures “under section 144 or” shall be omitted.

Amendment of section 166.

44. In section 166 of the Income-tax Act, for sub-section (7), the following sub-section shall be substituted, namely:—

“(7) Where a reference was made under sub-section (1), an order under sub-section (6) may be made at any time before one month prior to the month in which period of limitation referred to in section 286 or 296, for making the order of assessment or reassessment or recomputation or fresh assessment, expires and accordingly, where such period expires on—

(a) the 31st March of any year, the order under sub-section (6) shall be made on or before the 31st January of that year;

(b) the 31st December of any year, the order under sub-section (6) shall be made on or before the 31st October of that year.".

Amendment of section 169.

45. In section 169 of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) Irrespective of anything to the contrary contained in section 263, where an income is modified as a result of advance pricing agreement entered into with any person then, such person shall, or any other person being an associated enterprise may,–

(a) furnish a return or a modified return in accordance with and limited to the agreement; and

(b) the time period for furnishing such return or modified return shall be three months from the end of the month in which the agreement was entered into,

where the tax years relevant for such return or modified return shall be the years covered by such agreement.".

Amendment of section 195.

46. In section 195 of the Income-tax Act, in sub-section (1), in the longline, in clause (i), for the figures and symbol "60%", the figures and symbol "30%" shall be substituted.

Amendment of section 202.

47. In section 202 of the Income-tax Act, in sub-section (2), in clause (a), sub-clause (iii) shall be omitted.

Amendment of section 203.

48. In section 203 of the Income-tax Act,—

(a) in sub-section (1), in clause (a), in sub-clause (i), after the word and figures "section 146", the word and figures "or 150" shall be inserted;

(b) after sub-section (6), the following sub-section shall be inserted, namely:—

"(7) In case of an assessee, being a co-operative society, which has exercised option under sub-section (5), the requirements contained in sub-section (1) shall be modified to the extent that the deduction under section 149(2)(d)(ii) shall be available to such assessee as does not exceed the amount of dividend distributed by it

to its members at least one month before the due date for filing the return of income under section 263(1).".

Amendment of section 204.

49. In section 204 of the Income-tax Act,—

(a) in sub-section (3), in clause (a), in sub-clause (i), after the word and figures "section 146", the word and figures "or 150" shall be inserted;

(b) after sub-section (4), the following sub-section shall be inserted, namely:—

"(5) In case of an assessee, being a co-operative society, which has exercised option under sub-section (2), the requirements contained in sub-section (3) shall be modified to the extent that the deduction under section 149(2)(d)(ii) shall be available to such assessee as does not exceed the amount of dividend distributed by it to its members at least one month before the due date for filing the return of income under section 263(1).".

Amendment of section 206.

50. In section 206 of the Income-tax Act,—

(a) in sub-section (1),—

(i) in clause (b), in sub-clause (ii), for the figures and symbol "15%", the figures and symbol "14%" shall be substituted;

(ii) in clause (i), for sub-clause (ii), following sub-clause shall be substituted, namely:—

"(ii) the assessee has not utilised the credit of tax paid under section 115JAA of the Income-tax Act, 1961, in any subsequent tax year ending on or before the 31st March, 2026,"; 43 of 1961.

(iii) in clause (l), in sub-clause (iii), the brackets, words, letters and figures "(Table: Sl. Nos. 1, 3, 4 and 5)" shall be omitted;

(iv) clauses (m), (n), (o) and (p) shall be omitted;

(v) in clause (q), in the opening portion, for the word "section", the word "sub-section" shall be substituted;

(vi) clause (r) shall be omitted;

(vii) in clause (s), for the words "which this section", the words "which this sub-section" shall be substituted;

(b) for sub-section (3), the following sub-sections shall be substituted, namely:—

"(3) (a) The provisions of this sub-section shall be applicable only to an assessee, being a domestic company, that has exercised the option under section 200(5) or section 201(2) for a tax year, beginning on or after the 1st April 2026.

(b) Where any amount of credit, in respect of tax paid, was allowed to be carried forward to the assessee under the provisions of section 115JAA of the Income-tax Act, 1961, as on 31st March, 2026,— 43 of 1961.

(i) such credit brought forward shall be allowed to be set off in any tax year to the extent of 25% of the tax payable on the total income computed as per the other provisions of this Act for that tax year;

(ii) the remaining credit shall be carried forward to the subsequent tax year; and

(iii) such carry forward or set off of tax credit shall not be allowed beyond the fifteenth tax year immediately succeeding the tax year in which the tax credit first became allowable under section 115JAA of the Income-tax Act, 1961. 43 of 1961.

(c) Where, as a result of any order passed under this Act, tax payable under this Act is decreased or increased, as the case may be, tax credit allowed to be set off under clause (b) shall also be decreased or increased, accordingly.

(d) In case of conversion of a private company or unlisted public company into a limited liability partnership under the Limited Liability Partnership Act, 2008, the provisions of clauses (a) and (b) shall not apply to the successor limited liability partnership. 6 of 2009.

(4) (a) The provisions of this sub-section shall be applicable only to an assessee, being a foreign company.

(b) Where, any amount of credit in respect of tax paid was allowed to be carried forward to the assessee under the provisions of section 115JAA of the Income-tax Act, 1961, as on 31st March, 2026,— 43 of 1961.

(i) such tax credit shall be carried forward and set off in a tax year, when tax payable on the total income computed as per the provisions of this Act exceeds the minimum alternate tax computed as per provisions of sub-section (1);

(ii) such set off in respect of brought forward tax credit shall be allowed for any tax year to the extent of the difference between the tax liability on the total income computed as per the other provisions of this Act and the minimum alternate tax for that tax year; and

(iii) such carry forward or set off of tax credit shall not be allowed beyond the fifteenth tax year immediately succeeding the tax year in which the tax credit first became allowable under section 115JAA of the Income-tax Act, 1961. 43 of 1961.

(c) Where, as a result of any order passed under this Act, tax payable under this Act is decreased or increased, as the case may be, tax credit allowed to be set off under clause (b) shall also be decreased or increased, accordingly.

(d) In case of conversion of a private company or unlisted public company into a limited liability partnership under the Limited Liability Partnership Act, 2008, the provisions of clauses (a) and (b) shall not apply to the successor limited liability partnership. 6 of 2009.

(5) Save as otherwise provided in this section, all other provisions of this Act shall apply to every assessee mentioned in this section.".

Substitution of new sections for sections 217 and 218.

51. For sections 217 and 218 of the Income-tax Act, the following sections shall be substituted, namely:—

Application of benefits under sections 212 to 216.

"217. (1) Where a non-resident Indian in any tax year,—

(a) becomes assessable as a resident in India in respect of total income in a subsequent year; and

(b) furnishes a declaration in writing to the Assessing Officer along with his return of income under section 263 for the tax year for which he is so assessable, to the effect that provisions of sections 212 to 216 shall continue to apply to him in relation to the investment income derived from any foreign exchange asset referred to in section 212(e) other than shares in an Indian company, then the provisions of sections 212 to 216 shall continue to apply in relation to such income for that tax year and every subsequent tax year until the transfer or conversion (otherwise than by transfer) of such assets into money.

(2) A non-resident Indian may choose not to be governed by the provisions of sections 212 to 216 for any tax year by declaring it in his return of income under section 263 for such tax year, and if he does so,—

(a) the provisions of sections 212 to 216 shall not apply to him for that tax year; and

(b) his total income for that tax year shall be computed and charged to tax according to the other provisions of this Act.".

Tax on business income of Offshore Banking Units or International Financial Services Centre unit.

218. Where the total income of an assessee includes income of the nature referred to in section 147(3), the aggregate of income-tax payable by the assessee shall be the aggregate of income-tax computed on the income specified in column B of the Table below at the rate specified in the corresponding entry in column C of the said Table:

TABLE

Sl.No	Income	Rate of income-tax payable
A	B	C
1.	Income referred to in section 147(3)	15%
2.	Total income as reduced by income referred to in Sl. No. (1).	Rates in force.".

Amendment of section 227.

52. In section 227 of the Income-tax Act, —

(a) in sub-section (4), in clause (a), for the word "certificate", the words "valid certificate" shall be substituted;

(b) in sub-section (9), in clause (b), in sub-clause (iii), for the word "certificate", the words "certificate of registration" shall be substituted.

Amendment of section 228.

53. In section 228 of the Income-tax Act, in sub-section (3), in clause (b), in sub-clause (ii), in item (A), after the words "passenger ships", the words "or inland vessels" shall be inserted.

Amendment of section 232.

54. In section 232 of the Income-tax Act,—

(a) for sub-sections (12) and (13), the following sub-sections shall be substituted, namely:—

"(12) A tonnage tax company, after its option has been approved under section 231(4), shall comply with the minimum training requirement as per the guidelines issued by the Director-General of

Shipping or the Inland Waterways Authority of India, as the case may be, and notified by the Central Government.

(13) The tonnage tax company shall be required to furnish a copy of the certificate issued by the Director-General of Shipping, or the designated authority, as appointed by the respective State Governments under the Inland Vessels Act, 2021, as the case may be, along with the return of income under section 263 to the effect that such company has complied with the minimum training requirement as per the guidelines referred to in sub-section (12) for the tax year.”; 24 of 2021.

(b) in sub-section (17), after the words “Director-General of Shipping”, the words “or Inland Waterways Authority of India, as the case may be” shall be inserted.

Amendment of section 235.

55. In section 235 of the Income-tax Act, after clause (f), the following clause shall be inserted, namely:—

‘(fa) “Inland Waterways Authority of India” shall have the same meaning as assigned to it in section 3 of the Inland Waterways Authority of India Act, 1985;’. 82 of 1985.

Amendment of section 262.

56. In section 262 of the Income-tax Act, in sub-section (10), in clause (c), for the words “pertaining to business or profession”, the words “pertaining to, business or profession, or other transactions,” shall be substituted.

Amendment of section 263.

57. In section 263 of the Income-tax Act,—

(a) in sub-section (1), for clause (c), the following clause shall be substituted, namely:—

‘(c) for the purposes of this section, “due date” in respect of the persons mentioned in column B of the Table below, subject to conditions as mentioned in column C of the said Table, shall be the due date of the financial year succeeding the relevant tax year as mentioned in column D thereof:

TABLE

Sl. No.	Person	Conditions	Due date
A	B	C	D
1.	Assessee, including the partners of the firm or the spouse of such	Where the provisions of	30th November.

	partner (if section 10 applies to such spouse).	section 172 apply.	
2.	(i) Company; (ii) Assessee (other than a company) whose accounts are required to be audited under this Act or under any other law in force; (iii) partner of a firm whose accounts are required to be audited under this Act or under any other law in force; or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172 do not apply.	31st October.
3.	(i) Assessee having income from profits and gains of business or profession whose accounts are not required to be audited under this Act or under any other law in force; (ii) partner of a firm whose accounts are not required to be audited under this Act or under any other law in force or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172 do not apply.	31st August.
4.	Any other assessee.		31st July.’;

(b) for sub-section (5), the following sub-section shall be substituted, namely:—

“(*5*) If any person, having furnished a return under sub-section (*1*) or (*4*), discovers any omission or any wrong statement therein, he may, subject to the provisions of section 428(b), furnish a revised return at any time within twelve months from the end of the relevant tax year, or before the completion of the assessment, whichever is earlier.”;

(c) in sub-section (6),—

(i) for clause (b), the following clause shall be substituted, namely:—

"(b) (i) the provisions of clause (a) shall continue to apply for a tax year if any person has sustained a loss in the said tax year and has furnished a return of loss within the due date specified under sub-section (1) and the updated return is a return of income or such updated return has the effect of reducing the loss;

(ii) the provisions of clause (a) shall also apply where an updated return is furnished by a person for the relevant tax year in pursuance of a notice issued under section 280 within such period as specified in the said notice and in such a case, the assessee shall be precluded from filing return in pursuance of the said notice in any other manner;";

(ii) in clause (c),—

(A) in sub-clause (i), after the words "tax year", the words, brackets, figures and letter "except in a case referred to in sub-section (6) (b) (i)" shall be inserted;

(B) in sub-clause (v), after the words "tax year" the words, brackets, figures and letter "except in a case referred to in sub-section (6) (b) (ii)" shall be inserted;

(iii) in clause (e), for the figures, brackets, letters and words "206(1)(m) to (p) and 206(2)(e) to (h)", the figures, brackets, letters and words "206(2)(e) to (h) and 206(3) and (4)" shall be substituted.

Amendment of section 266.

58. In section 266 of the Income-tax Act,—

(a) in sub-section (2), for clause (f), the following clause shall be substituted, namely:—

"(f) any tax credit claimed to be set off as per sections 206(2)(e) to (h) and 206(3) and (4); and";

(b) in sub-section (4), for clause (f), the following clause shall be substituted, namely:—

"(f) any tax credit claimed to be set off as per the provisions of sections 206(2)(e) to (h) and 206(3) and (4).";

(c) in sub-section (6), for clause (e), the following clause shall be substituted, namely:—

"(e) any tax credit claimed to be set off as per the provisions of sections 206(2)(e) to (h) and 206(3) and (4).".

Amendment of section 267.

59. In section 267 of the Income-tax Act,—

(a) in sub-section (2), for clause (f), the following clause shall be substituted, namely:—

"(f) any tax credit claimed to be set off as per the provisions of sections 206(2)(e) to (h) and 206(3) and (4).";

(b) in sub-section (4), for clause (e), the following clause shall be substituted, namely:—

"(e) any tax credit claimed, to be set off as per the provisions of sections 206(2)(e) to (h) and 206(3) and (4) which has not been claimed in the earlier return.";

(c) for sub-section (5), the following sub-section shall be substituted, namely: —

"(5)(i) For the purposes of sub-sections (1) and (3), the additional income-tax payable at the time of furnishing the return under section 263(6) shall be equal to, —

(a) 25% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of the time available under section 263(4) or (5) and before completion of twelve months from the end of the financial year succeeding the relevant tax year; or

(b) 50% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of twelve months but before completion of twenty-four months from the end of the financial year succeeding the relevant tax year; or

(c) 60% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of twenty-four months, but before the completion of thirty-six months, from the end of the financial year succeeding the relevant tax year; or

(d) 70% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of thirty-six months, but before the completion of forty-eight

months, from the end of the financial year succeeding the relevant tax year.

(ii) Where an updated return is filed in pursuance of a notice issued under section 280 within the period specified in the said notice, the additional income-tax payable under sub-section (5)(i) shall be increased by a further sum of 10 % of the aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be.";

(d) in sub-section (7), in clause (a), for sub-clause (v), the following sub-clause shall be substituted, namely:—

"(v) any tax credit claimed, to be set off as per sections 206(2)(e) to (h) and 206(3) and (4), which has not been claimed in the earlier return; and".

Amendment of section 270.

60. In section 270 of the Income-tax Act, in sub-section (1), in clause (a), in sub-clause (vi), the words and figures "under section 144 or" shall be omitted.

Amendment of section 275.

61. In section 275 of the Income-tax Act,—

(a) for sub-section (4), the following sub-section shall be substituted, namely:—

"(4)(a) The Assessing Officer shall, irrespective of anything contained in section 286, pass the assessment order under sub-section (3) within one month from the end of the month in which,—

(i) the acceptance is received; or

(ii) the period of filing of objections under sub-section (2) expires.

(b) Irrespective of anything contained in section 286, where a draft of the proposed order of assessment under sub-section (1) is forwarded within the time period allowed under the said section, further time period available to the Assessing Officer to complete the assessment under sub-section (3) shall be governed by the provisions of this sub-section.";

(b) for sub-section (14), the following sub-section shall be substituted, namely:—

"(14)(a) Upon receipt of the directions issued under sub-section (5), the Assessing Officer shall, in conformity with the directions, complete, irrespective of anything to the contrary contained in section 286, the assessment without providing any further opportunity of being heard to the assessee, within one month from the end of the month in which such direction is received;

(b) Irrespective of anything contained in section 286, where a draft of the proposed order of assessment under sub-section (1) is forwarded within the time period allowed under section 286, time period available for the Assessing Officer under this sub-section to pass the assessment order upon receipt of the direction issued under sub-section (5), shall be governed by the provisions of sub-section (13) and this sub-section.".

Amendment of section 279.

62. In section 279 of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted, namely: —

'(3) The "Assessing Officer" for the purposes of sections 280 and 281 shall mean to be an Assessing Officer other than the National Faceless Assessment Centre or any assessment unit referred to in section 273(3).'.

Amendment of section 286.

63. In section 286 of the Income-tax Act, for sub-section (2), the following sub-section shall be substituted, namely:—

"(2)(a) Time limit for completion of any assessment or reassessment as provided in sub-section (1) [Table: Sl No. 1 to 4], in a case where reference is made to the Transfer Pricing Officer for determining the arm's length price under section 166(1), shall be extended by an additional period of twelve months.

(b) In terms of provisions of sub-section (1) [Table: Sl No. 1 to 4] and this sub-section, the draft of the proposed order of assessment referred to in section 275 shall be made at any time up to the time limit of assessment, reassessment or recomputation referred to in the said Table and this sub-section.".

Amendment of section 295.

64. In section 295 of the Income-tax Act, in sub-section (2), after clause (b), the following clauses shall be inserted, namely:—

"(c) where the undisclosed income of the other person pertains only to the period—

(i) commencing from the tax year (herein referred to as the specified year) immediately preceding the year of initiation of search or requisition; and

(ii) ending on the date of initiation of search or making of requisition,

then irrespective of the provisions of section 301(a), the block period in respect of such other person shall comprise of the specified year and the period starting from the 1st April of the tax year in which search was initiated or requisition was made and ending on the date of the execution of the last of the authorisations for such search or such requisition;

(d) where the undisclosed income of the other person pertains to a single tax year out of the five tax years preceding the specified year, then irrespective of the provisions of section 301(a), the block period in respect of such other person shall comprise of only that single tax year.".

Amendment of section 296.

65. In section 296 of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) Irrespective of the provisions of section 286, the order under section 294 shall be passed within eighteen months from the end of the quarter in which the search was initiated or requisition was made.".

Amendment of section 332.

66. In section 332 of the Income-tax Act, in sub-section (1), in clause (f), for the words, figures, brackets and letters "Schedule VII (Table: Sl. No. 10) to (Table: Sl. No. 19)", the words, figures, brackets and letters "Schedule VII [Table: Sl. Nos. 17 to 19]" shall be substituted.

Amendment of section 349.

67. In section 349 of the Income-tax Act, after the word, figures, brackets and letter "section 263(1)(c)", the word, figures and brackets "or 263(4)" shall be inserted.

Amendment of section 351.

68. In section 351 of the Income-tax Act, in sub-section (1),—

(i) in clause (b), the word and figures "or 346" shall be omitted;

(ii) in clause (c), for the word "ensure", the word "enure" shall be substituted.

Amendment of section 352.

69. In section 352 of the Income-tax Act, in sub-section (4), in the Table, for serial number 8 and the entries relating thereto, the following shall be substituted, namely:—